

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

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**ADP BULLETIN**

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| Title State Fiscal Year 2010-11 Budget Act Allocation, 2.0 | | Issue Date: Nov. 23, 2010 Expiration Date: N/A | Issue No. 10 - 13 |
| Deputy Director Approval dave neilsen Deputy Director Program Services Division | Function: [] Information Management [] Quality Assurance [] Service Delivery [X] Fiscal [] Administration [] Other | Supersedes Bulletin/ADP Letter No. N/A | |

PURPOSE

This Bulletin transmits funding information for alcohol and other drug services for State Fiscal Year (FY) 2010-11. This Bulletin includes five exhibits: (A) Overview of Programs, Funding, and Allocation Methodologies, (B) Statewide Allocation Summary, (C) Substance Abuse Prevention and Treatment (SAPT) Block Grant Exchange Program, (D) Funding Periods for SAPT Block Grants, and (E) Individual County Allocation Summary (for county administrators only).

DISCUSSION

In 2009, the American Recovery and Reinvestment Act (ARRA) enhanced the Federal Medicaid Assistance Percentage (FMAP) rate to states from 50 percent to 61.59 percent for the period of October 1, 2008 through December 31, 2010. In 2010, the enhanced FMAP rate was extended through June 30, 2011, with rate decreases each quarter beginning January 1, 2011, to June 30, 2011. The FMAP is the percentage that determines the Federal Financial Participation (FFP) in the Drug Medi-Cal (DMC) Program.

Due to this phased-down extension of ARRA, the DMC program for FY 2010-11 will be funded at a blended 43.31 percent General Fund (GF) and a blended 56.69 percent FFP. These FMAP changes result in increased GF DMC funding with a corresponding decrease in FFP DMC funding for FY 2010-11. The GF increase is reflected in the FY 2010-11 Budget Act Allocation, compared to the FY 2009-10 Budget Act Allocation, and is offset by decreased federal reimbursement authority. The decreased federal authority is not included in this allocation but is identified in the State-County DMC contracts.



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It is critical that DMC claims are submitted in a timely manner because the applicable FMAP rate is determined by the payment date, not the service date. Delayed submission of DMC claims will increase the GF share of costs, which could result in delayed payments if the Department of Alcohol and Drug Programs (ADP) does not have sufficient GF budget authority to cover costs. The following chart displays the applicable FMAP rates by quarter:

| Quarter | State General Fund Percent | Federal Financial Participation Percent |
|--------------------------------|----------------------------|---|
| July 1 to September 30, 2010 | 38.41 | 61.59 |
| October 1 to December 31, 2010 | 38.41 | 61.59 |
| January 1 to March 31, 2011 | 41.41 | 58.59 |
| April 1 to June 30, 2011 | 43.41 | 56.59 |

For the program allocations covered by this bulletin, the FY 2010-11 Budget Act Allocation reflects an increase of \$15.3 million compared to the prior year. This is comprised of a \$14.8 million increase to Regular DMC and a \$476,000 increase to Perinatal DMC. The DMC increases are the result of changes in rates, projected caseload, and FMAP.

HIGHLIGHTS OF THE FY 2010-11 BUDGET ACT ALLOCATION

General Fund

For the GF programs covered by this allocation, the FY 2010-11 GF allocation provides \$120.2 million in GF funds, with \$94.6 million designated for DMC services. ADP has budget authority for \$91.9 million for Regular DMC services and \$2.7 million for Perinatal DMC services.

The proposed DMC Rates for FY 2010-11 are identified in ADP Bulletin #10-11.

SAPT Block Grant

This Budget Act Allocation assumes that California will receive the same level of block grant funding in the Federal Fiscal Year (FFY) 2011 award as received in the FFY 2010 award.

As described in the FY 2010-11 Preliminary Allocation Bulletin #10-02, a county may have reduced SAPT funds due to past under-spending of allocations. The reduced funds will be redistributed to other counties that requested additional funding which will increase their allocations. This Budget Act allocation does not include these allocation reductions and redistributions; ADP will reflect those changes in separate allocation revisions that will immediately follow this Budget Act allocation. ADP will not implement the SAPT allocation reductions communicated by Bulletin #10-07.

Reporting of SAPT Block Grant expenditures is a federal requirement and is in the Negotiated Net Amount (NNA)/DMC County-State contract as Exhibit C, Article V, Item (A)(2). Counties must report SAPT expenditures by FFY award and program fund and submit Quarterly Federal Financial Management Reports (QFFMRs) no later than 60 days after the end of each quarter. The QFFMRs provide a critical source of current expenditure data.

REFERENCES

Senate Bill 870, Chapter 712 (Statutes of 2010)

QUESTIONS / MAINTENANCE

Questions concerning the Bulletin and any of the exhibits should be directed to:

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Additional copies of this document and its exhibits may be requested through ADP's Resource Center by calling (800) 879-2772 and through ADP's Website at http://www.adp.ca.gov/ADPLTRS/bulletin_letter.shtml.

EXHIBITS

- A. [Overview of Programs, Funding, and Allocation Methodologies](#)
- B. [Statewide Allocation Summary](#)
- C. [SAPT Block Grant Exchange Program](#)
- D. [Spending Periods for SAPT Block Grants](#)
- E. Individual County Allocation Summary (County Administrators Only)

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